

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019**

Name of Company: **SHAHZAD TEXTILE MILLS LIMITED**
Year Ending: **June 30, 2025**

Shahzad Textile Mills Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations) in the following manner:

1. The total number of directors are seven (07) as per the following;
 - a) Male: 06
 - b) Female: 01
2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors	Syed Raza Ali Bokhari Dr. Ali Raza Khan
Executive Directors	Mr. Imran Aslam Mr. Danish Aslam
Non-Executive Directors	Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran
Female Director	Mrs. Nazish Imran

“*For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, hence it fulfils the requirement of a minimum of two (02) independent directors. Furthermore, the two independent directors have the requisite skills and knowledge to make independent decisions. Therefore, the fraction of 0.33 in such one-third is not rounded up as one this time.

3. The directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company.
4. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;

Shahzad Textile Mills Ltd.

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73-E, Jail Road, Gulberg II, Lahore, Pakistan.



7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Three members of the Board are exempted from the Directors' Training Program by virtue of their requisite qualification and experience of serving on the Board of Listed Company, while the remaining four Directors have not acquired the prescribed certification under the Directors' Training Program;
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising members given below:
 - a) **Audit Committee:**

Syed Raza Ali Bokhari	Chairman
Mian Parvez Aslam	Member
Mr. Irfan Aslam	Member
 - b) **HR & Remuneration Committee**

Dr. Ali Raza Khan	Chairman
Mr. Danish Aslam	Member
Mrs. Nazish Imran	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/ yearly) of the committee were as per following,-
 - a) Audit Committee (1st quarter: 1 2nd quarter: 1 3rd quarter: 1 4th quarter:3)
 - b) HR and Remuneration Committee (2 meetings in the financial year)
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants

(IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations, or any other regulatory requirement, and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with;
19. Explanation for Non-Compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33, and 36, are below;

Sr. No.	Reg. Ref.	Requirement	Future Course of Action
1.	19	By June 30, 2022, all directors shall acquire certification under Directors' Training Program.	The Board shall take steps to arrange Directors' Training Certification for the remaining four directors by the end of 2026.
2.	10A (5) of CCG Regulation, 2019	The Board is responsible for setting the Company's sustainability strategies, priorities and targets to create long-term corporate value. The Board may establish a dedicated sustainability committee having at least one female director.	At present, the Board provides governance and oversight in relation to the Company's initiatives on Environment, Social and Governance (ESG) matters. The Company has not yet established a Sustainability Committee; however, this non-mandatory requirement will be complied as per rules and regulations in the forthcoming years.



CHAIRMAN



CHIEF EXECUTIVE

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